

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6221

BILL NUMBER: SB 33

DATE PREPARED: Jan 25, 2002

BILL AMENDED: Jan 24, 2002

SUBJECT: Higher Education

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill makes various changes to the membership and responsibilities of the Commission for Higher Education. It makes various changes concerning the administration and funding of the Community College of Indiana.

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) *Higher Education Commission:* The bill would add the four legislative members of the State Budget Committee as non-voting members of the Higher Education Commission. The legislators per diem would be paid from the Legislative Services Agency's budget. The impact assuming ten two-day meetings per year would be about \$25,000 annually.

The bill changes the Commission's power to plan and coordinate Indiana's state supported system of postsecondary education and to review appropriation requests for postsecondary education. The following are the changes in the commission's powers and duties:

- 1) The Commission would not be allowed to develop a plan that defines or recommends enrollment targets or education missions for individual state supported institutions.
- 2) The Commission would not have the power to review the budget request of state educational institutions and make recommendations concerning appropriations and bonding authorizations of state educational institutions.
- 3) The Commission would perform studies of the needs for various types of postsecondary education if requested by the General Assembly and the Governor. Currently the Commission decides on studies and makes recommendations to the General Assembly and the Governor.
- 4) The Commission would not be allowed to approve or disapprove academic programs of state educational institutions.

Universities offer between 2,200 and 2,300 degree programs. The Commission receives about 80 requests

annually for new programs and acts on about 50 to 60 of the requests per year. There would probably be no savings for the Commission due the elimination of the approval process. The review of programs is done by 5 or 6 people and equates to about 2/3 of a person on a full-time equivalent basis. The state could experience increased costs if several universities start similar high-cost degree programs at the same time but this would be subject to appropriations. Universities could experience some reduced costs associated with the starting of a new program if they no longer have to have the Commission's approval before implementing a new degree program.

The changes in the duties of the Commission could result in a reduction in expenditures by the Commission. The budget of the Higher Education Commission is about \$1.65 M per year. The Commission employs 14 people full-time and about two people on a full time equivalent basis are employed part time or on internships. It is estimated that the changes could in savings of about \$225,000 per year with a reduction of staff of about 2 1/4 people.

Ivy Tech State College and Vincennes University: The bill specifies that Ivy Tech State College is the administrative partner in the Community College System. The change could reduce duplicated services provided by Ivy Tech and Vincennes University, "VU", and therefore reduce administrative expenses. The bill provides that Ivy Tech would hire and pay teachers, but VU would have some overview of the hiring of teachers to teach VU courses. The salary schedule of Ivy Tech teachers is lower than the salary schedule used for VU teachers so some saving could occur.

Ivy Tech could experience additional expenses from the creation of the associate of science degree in general science if courses are added to the curriculum.

The bill provides that VU may not have the equivalent of more than three full-time employees engaged in marketing or administering business and industry training at any time. The provision could result in a reduction in the services provided by VU and an increase in the services provided by Ivy Tech.

The bill provides that Ivy Tech and VU are allowed to increase Indiana resident student tuition fees and facilities without a reduction in their appropriation. VU was appropriated \$852,965 for FY 2003 to freeze fees and Ivy Tech is appropriated \$2,998,265 for FY 2003 to freeze fees. The bill provides VU and Ivy Tech the opportunity to increase revenue in the form of students' fees without the loss of state funding. Under current law VU would have to increase fees by at least \$852,965 and Ivy Tech would have to increase fees by at least \$2,997,265 before additional funding was available.

The provision of the bill requiring the Budget Committee review of the start-up appropriation of the Community College of Indiana would have no fiscal impact if the committee reviewed the appropriation. The appropriation is \$3.25 M each year.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Higher Education Commission, State Universities

Local Agencies Affected:

Information Sources: Kent Weldon, Higher Education Commission, 464-4400.